



ACADIA  
UNIVERSITY

ACADIA UNIVERSITY

# REPORT to DONORS

Endowments and Investments  
2012–2013



Peter Oleskevich

**“Our students excel because they are supported and encouraged. That human connection explains why Acadia feels so much like a family.”**

**Mr. Raymond E. Ivany**  
President and Vice-Chancellor, Acadia University



# A WINNING INVESTMENT

Let me begin by saying thank you. Thank you for your support, for your generosity, and for your enduring commitment to Acadia University.

As you know, Acadia is celebrating its 175th anniversary this year – a distinctive milestone that I attribute in no small measure to the generous support we have received from friends and allies like you.

Acadia has an enviable reputation as one of the finest undergraduate institutions in Canada, and I believe our University has been built on the shoulders of those who have recognized the enormous value of a liberal education – and who have been willing to invest, as you have, in the increasingly rare experience Acadia is able to offer to its students. With your help, we continue to help young people acquire the broadly-based perspective, practical skills and abilities, and the confidence they need to leave Acadia's halls as well-informed citizens and future leaders, ready to take their place in the workforce and in society.

Acadia's endowment plays a critical role in our ability to provide a uniquely personal learning experience in an accessible, rewarding and inclusive environment. As we move forward with anticipation into our 175th year, I invite members of the Acadia family to celebrate our remarkable heritage and outstanding tradition of excellence. And to our endowment donors, a very special vote of thanks for sharing our vision of a bright future for our University.

On behalf of the entire Acadia community, thank you.

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Ivany'.

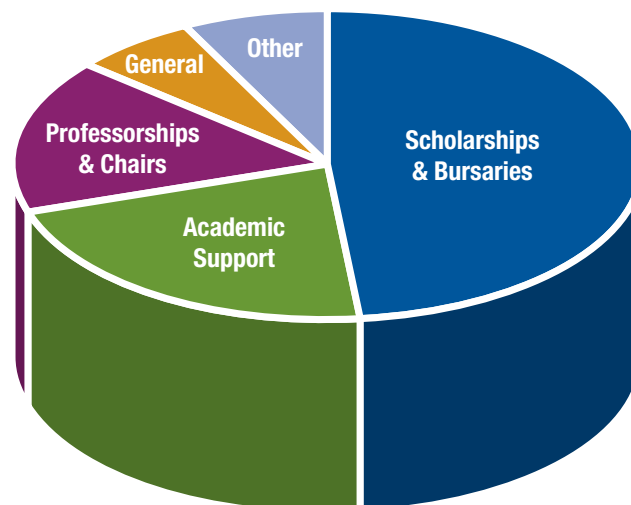
Raymond E. Ivany  
President and Vice-Chancellor  
Acadia University

# ACADIA'S ENDOWMENT

Acadia University has more than 600 individual and specific funds, with almost half directed to scholarships, bursaries, and awards. All represent gifts that are invested in perpetuity, with a portion of the annual investment return allocated to the purposes identified by the donors. Endowments ensure financial resources are available to support Acadia's mission and play an important role in providing current and future students with access to scholarships and bursaries, outstanding teachers, research opportunities, and other essential resources. To achieve this, Acadia's endowment is managed by professional investment counsel under the oversight and supervision of the University's Investment Committee.

Astute financial management is crucial to our ability to meet Acadia's current and future needs. Our Investment Policy takes a conservative, long-term approach and focuses on protecting the revenue stream and future purchasing power of endowed funds. The Policy, which ensures that the University's investments are spread appropriately across asset classes, is reviewed regularly. Results achieved by fund managers are assessed quarterly by a professional investment performance team.

The current spending rate from Acadia's endowment is capped at six per cent of the market value as at December 31st. For the reporting year, professional management of the University's endowment cost 0.4 per cent of total assets and includes the Endowment Fund's investment management fees, custodial fees, analyst fees and administrative costs.



## What does Acadia's endowment support?

### SCHOLARSHIPS & BURSARIES **49.1%**

Financial support provides an excellent incentive for new students, helps Acadia retain current students, and makes the University accessible to all deserving students regardless of their income. Donations are directed to scholarships, prizes, awards, bursaries, or financial aid. The University's Scholarships, Prizes and Awards Committee meets regularly to advise on academic requirements. Half of Acadia's students receive some form of financial assistance or reward.

### ACADEMIC SUPPORT **22.1%**

Enhancing the learning environment is important at Acadia. Gifts to this area support individual faculties and improve facilities and academic programming. Examples include Vaughan Memorial Library through the Wu Library Fund.

### PROFESSORSHIPS & CHAIRS **15.4%**

Extending support to individual professors takes their efforts to the next level in teaching, research, and professional development. Contributions support research activities, academic pursuits, teaching assistants, and lectureships. Perhaps one of the best examples in this category is the Alan D. Foulis Chair in Engineering, which provides a position in the engineering school and enhances its laboratory facilities.

### GENERAL **6.3%**

Undesignated gifts allow the University to support areas of greatest, and most immediate, need.

### OTHER **7.1%**

With a variety of designated gifts, the University offers support to a multitude of stakeholders. Examples in this category range from funding for acquisitions by the Vaughan Memorial Library to building enhancements and programming for the Manning Memorial Chapel and Acadia Art Gallery.



# FACTS and FIGURES

## Statement of Changes FOR THE YEAR ENDED MARCH 31, 2013

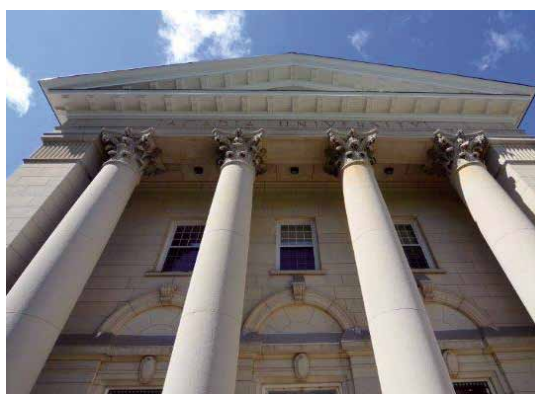
The Endowment Fund had a market value in excess of \$61.4 million, as at March 31st. Contributions to the fund were \$2.4 million for the year.

The fund paid out \$2.7 million, averaging a 4% disbursement. Historically, fund investment returns and disbursements have been consistent with appropriate industry benchmarks.

For 2012-2013, the administrative fees were 0.4 per cent of total assets, which covers the Endowment Fund's investment management fees, custodial fees, analyst fees and administrative costs.

<b>Beginning balance</b>		<b>\$57,412,262</b>
<b>Revenue and additions</b>		
Bequests and donations	\$696,476	
Market appreciation (depreciation)	4,330,456	
Transfer from special reserves*	1,692,119	
Transfer from operating	<u>5,677</u>	6,724,728
<b>Expenditure and income transfers</b>		
Investment services	\$258,861	
Loan payment	696	
Transfer to research fund	4,110	
Transfer to special reserve* fund	1,064,409	
Transfer to capital fund	9,812	
Transfer to operating fund	<u>1,347,906</u>	<u>2,685,794</u>
<b>Balance at end of period</b>		<b><u>\$61,451,196</u></b>

\*Special Reserve Funds are restricted funds held separately between the time a donation is made and the time the designation is finalized by the donor.



# Market Performance and Annualized Returns

Acadia University Endowment Fund performance over five years is 2.54 per cent compared to the median of 5.56 per cent for plans less than \$100 million.

Annualized Returns	1 year	2 years	3 years	4 years	5 years	10 years
Plan	7.57%	2.33%	5.08%	10.37%	2.54%	5.97%
Median	9.40%	6.77%	7.85%	10.76%	5.56%	

# Asset and Manager Allocation AS AT MARCH 31, 2013

The table demonstrates the allocation of Acadia's endowed funds, with the highest weighting to Canadian Equity, followed closely by Fixed Income and Cash.

Canadian Equity	37.4%
Fixed Income and Cash	33.8%
U.S. Equity	15.5%
Global Equity	13.3%



# FREQUENTLY ASKED QUESTIONS

## What is the long-term goal of the Fund?

Capital preservation and a five per cent average annual return is the goal over the long term. Over the 10-year period ending March 31, 2013, Acadia's endowment

has achieved an average annual return of 5.97 per cent, thereby achieving its overarching goal.

## How is spending from an endowed fund determined?

Each year, the Investment Committee meets to establish the disbursement percentages (as per Investment Policy guidelines) for the current year. Acadia University uses a calculation method based on average payment over three years. The disbursement

percentage is selected based on market returns, preservation of the capital of the fund, and the current year's requirements. The three-year average is based on the market value of the Endowment Fund on December 31 in each year.

## What happens in a year when investment returns fall?

The Investment Committee monitors market volatility and periods during which the market value of the funds has depreciated. It examines not only our fund's performance, but also that of the market and comparable investment funds. The Committee also tracks each firm's processes, staffing, and policies. Changes in any of these areas may require action by the Investment Committee.

When investment returns are negative, individual funds recognize a market value depreciation. If a fund has not had significant market appreciation in previous years (greater than the annual disbursements), it will not be able to support the current year's disbursement. While this is difficult for the benefactors of the fund as well as for Acadia, it is essential, and University policy, for the original book value of the fund to be maintained.



## How does the University's endowment grow?

The generosity of Acadia alumni, faculty, students, parents and friends has created Acadia's endowment fund. While every donation is appreciated, endowed gifts have a particularly enduring impact and

the University's goal is continued growth in the endowment, depending on market conditions and investment trends. As the principal grows through investment earnings, students will continue to benefit.

## How does Acadia work to preserve capital?

Acadia University's primary goal is not to erode the value of the investment. A prudent portion of the annual investment earnings is spent to meet certain clearly defined needs of the University community. The remainder is returned to the capital base, protecting

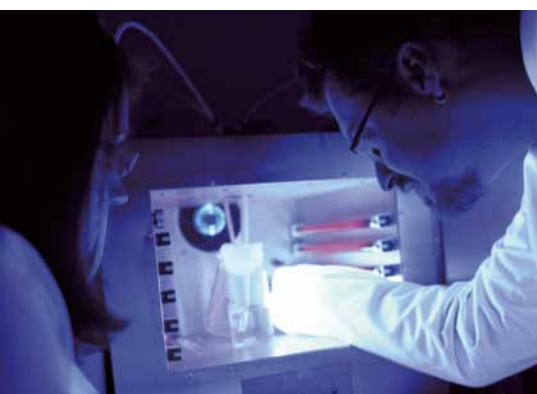
against inflation so the donation retains or increases its purchasing power over time, ensuring annual distributions equally benefitting existing and future generations of students and faculty.

## How is the endowment managed?

Acadia's endowed funds are managed by professional investment managers under the direction of the University's Investment Committee, which is comprised of members of Acadia's Board of Governors and staff. To support this activity, Acadia's Investment Policy is reviewed annually to ensure alignment with investment strategy. The current Investment Committee includes six members of the Board of Governors, the President, and the Treasurer.

### Members of the Investment Committee of the Board 2012-2013 are:

John Carter, CA, Ernst & Young  
Bert Frizzell, FCGA, The Shaw Group  
David Hastings, FCMA, Shell Canada Ltd.  
Shelley MacDougall, PhD, F.C. Manning School of Business, Acadia University  
Norm McIntyre, Nemcor Inc.  
Don Reed, CFA, Franklin Templeton Investments Corp. and Templeton Investment Council, LLC  
Raymond E. Ivany, Acadia University  
Mary MacVicar, CMA, Acadia University



“Acadia prides itself not only in providing the best undergraduate education in the country, but transforming its students into responsible global citizens. The generous gifts of those who believe in Acadia’s vision help the University to provide meaningful and transformative experiences for students from across Canada and around the world.”

**Matthew Rios** ('14)

President, Acadia Students' Union



Current Students' Union President Matthew Rios ('14) feels that the greatest gift given and received is education.

“Acadia has been an important part of my life ever since I coasted down ‘college hill’ as a child. Even now, the benevolent shadow of University Hall continues to inspire me. But Acadia is more than University Hall – it is a spirit that dwells in the heart: difficult to describe, but a privilege to enjoy.

Acadia provided a learning environment that prepared each of us for meaningful careers and, equally as important, the opportunity to meet people and make lifelong friends, as evidenced by the Class of 1948. We are a close-knit group of graduates who are loyal to Acadia and supportive of one another. The Class is like family: a microcosm of people and personalities who are grateful to Acadia for guiding us through academia so we could make a contribution to our professions and to the communities in which we live. Thank you, Acadia!”

**Dr. Clara (Nowlan) Jefferson** ('48, '05)

Life President, Class of 1948



The Class of 1948 celebrated 65 years and over \$500,000 in donations to Acadia.

“My family has had a long and wonderful relationship with Acadia. My grandfather, Curtis Chipman, received an honorary degree from the University and my father, Fred ('61), was a professor in Acadia’s Mathematics and Statistics department. I even took a math course from him during my undergraduate degree! My brother, two aunts and my wife are all Acadia graduates, and each of us has benefitted from the many gifts that Acadia provides. That’s why it’s important for me to give back. My monthly donations are directed toward scholarships so Acadia can continue to attract outstanding students and then encourage them to excel in their chosen field of endeavour.

**Dr. Hugh Chipman** ('90)

Canada Research Chair in Mathematical Modeling

Director of the Acadia Centre for Mathematical Modeling and Computation



Prof. Hugh Chipman ('90) is grateful for his family connection to Acadia and the students he teaches.



**“We are so pleased to be making a contribution to Acadia and the community of Wolfville. Acadia University is part of our family heritage, with three generations of McCains as alumni, including my father; my brother and sister; a nephew who recently graduated from the business school; and a niece who is currently pursuing a science degree. We hope that our donation will improve an already great place, and help future generations to have a wonderful experience as students at Acadia.”**

**Nancy McCain** ('82)

Donor and member of Acadia's Board of Governors



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